

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

A brief summary of financial proposals filed with and actions by the S.E.C.



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NEW RULES AND RULE PROPOSALS

ADOPTION OF RULES RELATING TO PUBLICATION OF INFORMATION AND DELIVERY OF PROSPECTUS BY BROKER-DEALERS.

The SEC has adopted rules under the Securities Act of 1933 and the Securities Exchange Act of 1934 designed to establish standards for determining circumstances under which broker-dealers may publish certain information about an issuer which proposes to or has registered securities under the 1933 Act, and also to clarify a dealer's obligation to deliver prospectuses under Section 4(3) of that Act, and the antifraud provisions of the 1934 Act. Briefly, the rules are as follows:

Amended Rule 135 permits publishing a notice that an issuer proposes to make a cash offering of securities to be registered under the 1933 Act.

New Rule 137 permits publication and distribution by a dealer, not participating in a distribution, in the regular course of business of information, opinions, or recommendations regarding securities of a reporting company which has filed or proposes to file a registration statement under the Act.

New Rule 138 permits a broker-dealer participating in an offering of non-convertible senior securities registered on Form S-7 or S-9 to publish opinions or recommendations concerning the issuer's common stock, and vice versa.

New Rule 139 permits a broker-dealer participating in an offering to publish at regular intervals, as part of a comprehensive list of securities, opinions or recommendations concerning the issuer provided it is a reporting company. The opinion or recommendation, however, must not be given special prominence, and must not be more favorable than the last previous opinion distributed before the broker-dealer became a participant.

Amended Rule 174 eliminates the prospectus delivery requirement for dealers, other than participating dealers selling any unsold participation, during the 40 or 90 day period after the effective date of the registration statement or the commencement of the offering, whichever is later, with respect to sales of securities of issuers required to file reports under the Securities Exchange Act of 1934.

New Rule 15c2-8 requires that under the Securities Exchange Act of 1934 reasonable steps be taken to see to it that any person desiring a copy of a preliminary or final prospectus receives a copy and that each salesman who is expected to offer the securities receives a copy of the preliminary prospectus and the final prospectus.

DECISION IN ADMINISTRATIVE PROCEEDINGS

DISQUALIFICATION MOTION DENIED. The SEC today announced a decision under the Securities Act (Release 33-5113) in which it denied a motion of Augion-Unipolar Corporation, of Guilderland, N. J., that the Commission and its several members disqualify themselves from further participation in proceedings to determine whether a "stop order" should be issued suspending a registration statement filed by that company in May 1969 which proposed the public offering of 1,000,000 common shares at \$10 per share.

DIGITATOR SUSPENSION PERMANENT. The SEC today announced an order under the Securities Act (Release 33-5108) in which it made permanent a prior order temporarily suspending a Regulation A exemption from registration with respect to a 1968 public offering of 150,000 common shares at \$20 per share by Digitator, Inc., of Dundalk, Md. The company withdrew its request for a hearing on the question whether the suspension should be vacated. According to the Commission's decision, the company's offering circular was false and misleading with respect to, among other things, the promoters and controlling persons; sales of unregistered securities; and the number of shares beneficially owned by officials and promoters of the company. In addition, the terms and conditions of Regulation A were not complied with in that the company failed to disclose that Nathan H. Cohen was a promoter or controlling person and that he was to receive fees from the proceeds of the offering. Moreover, no Regulation A exemption was available to Digitator in that the aggregate offering price exceeded the \$300,000 limitation prescribed by the Regulation by reason of the failure to escrow 160,000 shares held by officials and promoters.

COMMISSION ANNOUNCEMENT

SUIT NAMES GLOBUS, OTHERS: TRADING BAN TO EXPIRE. The SEC today announced that it had filed an action in Federal court in New York City (LR-4817) seeking to enjoin violations of the registration and antifraud provisions of the Federal securities laws in the offering and sale of common stock of Globus International, Ltd. ("Globus"), of Washington, D. C. The Commission also announced that its suspension of over-the-counter trading in Globus shares would not be extended beyond November 28 (Release 34-9027). Named in the injunctive action, in addition to Globus, were the following: Michael Hellerman, Joseph Bald, Stephen Schustek, Andrew G. Nelson, R. L. M. Services Co., Ltd., Meyer Laufer d/b/a Meyer Laufer & Co. and George Silberfein. The Commission also seeks to enjoin violations of the registration provisions by Andrew P. Zimmer, president of Globus, and John M. Lewin, vice president of Globus.

OVER

HOLDING COMPANY ACT RELEASES

MAINE YANKEE POWER RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16906) authorizing the Maine Yankee Atomic Power Company, Augusta, Me., indirect subsidiary of both Northeast Utilities and New England Electric System, to issue and sell \$75,000,000 of first mortgage bonds at competitive bidding. Proceeds from the issue and sale of the bonds will be used to repay short-term borrowings from banks and from the company's sponsors, incurred to finance construction of a nuclear-powered generating station estimated to cost \$200,000,000 and to meet, in part, future construction costs.

NEW ENGLAND POWER RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16907) authorizing the New England Power Company, Westboro, Mass. subsidiary of New England Electric System, to issue and sell \$20,000,000 of first mortgage bonds, Series Q, and 150,000 shares of cumulative preferred stock (\$100 par) at competitive bidding; in addition it proposes to sell 142,857 shares of common stock for \$4,999,995 to the parent. Proceeds will be applied to the payment of short-term notes evidencing borrowings made for capitalizable expenditures or to reimburse the treasury therefor.

INVESTMENT COMPANY ACT RELEASES

COLONIAL HEDGEFUND SEEKS ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6247) giving interested persons until December 7 to seek a hearing on an application by Colonial Hedgefund, Inc., Boston, Mass., declaring that it has ceased to be an investment company as defined in the Act. Colonial represents that as of October 23, 1970, all of its outstanding securities (48,220 shares) are owned by 90 persons and that it is not now making nor does it propose to make any public offering of its securities.

NEW CAPITAL FOR SMALL BUSINESS SEEKS ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6248) giving interested persons until December 10 to request a hearing upon an application of New Capital for Small Businesses, Inc. ("Capital"), San Francisco, for an order declaring that it has ceased to be an investment company. Capital was organized and registered under the Act in 1960; it was also licensed as a small business investment company under the Small Business Investment Act. In August 1968, Capital ceased active business and in February 1969 a Federal court judgment was entered against Capital declaring that it was indebted to the SBA for \$240,274.99. The judgment directed Capital to assign all its funds, assets and property to the SBA and to surrender its license to conduct a small business investment company. According to the application, Capital liquidated its assets in May 1969 and transferred all its assets to the SBA in full settlement of its obligation; it thereafter was dissolved.

SCHOLARSHIP CLUB SEEKS ORDER. The SEC has issued an order under the ICA (Release IC-6250) giving interested persons until December 11 to request a hearing upon an application of The Scholarship Club, Inc., of Fort Lauderdale, Fla., sponsor of The Trust Fund Sponsored by the Scholarship Club, Inc. (the "Fund"), joined in by Scholarship Services, Inc., distributor of Scholarship Plans, for a modification of the sales load charged in the sale of the plans. The Fund was organized in 1965 by Scholarship Club for the purpose of administering scholarship plans which would provide funds to be used towards the college education of children designated by investors; the plans are offered through Scholarship Services solely to bona fide residents of Florida. It is proposed to increase the sales load to Scholarship Services from \$112 to \$160, bringing the total sales and administrative charges to \$208. The total \$160 sales load would be taken monthly from each payment at the rate of 20% of such payment for a period of 40 months until the sales load in its entirety has been paid.

COURT ENFORCEMENT ACTIONS

MANN AND COMPANY, OTHERS ENJOINED. The SEC Boston Regional Office announced (LR-4813) that on Nov. 12 the Federal court in Boston entered a final judgment against Mann and Company, Inc., broker-dealer of Medford, Mass., Herman M. Solomon, its president, and Burton J. Rosenblatt, treasurer, enjoining them from further violations of the Commission's net capital and record-keeping rules and the antifraud provisions of the Securities Exchange Act of 1934; the defendants consented to the entry of the decree.

AILEEN CARLSON ENTERS PLEA; RECEIVES SENTENCE. The SEC Chicago Regional Office announced November 12 (LR-4814) that Aileen M. Carlson, individually and doing business as Tower Service Company, pled guilty to one count of an information charging violations of the antifraud provisions of the Securities Exchange Act in the offer and sale of interests in oil and gas leases. The Federal court in Cleveland imposed a \$10,000 fine on Mrs. Carlson, of which \$8,500 was suspended; and thereupon the court dismissed a 19-count indictment as to the said defendant charging similar violations. The dismissal does not apply to a co-defendant.

C G SWALLOW SENTENCE CONFIRMED. The SEC Denver Regional Office announced November 13 (LR-4815) that the Tenth Circuit Court of Appeals had affirmed an order of the Federal court in Denver, which sentenced C. George Swallow for civil contempt of a prior court order directing his production of certain books and records pursuant to SEC subpoena. The order provided that Swallow is to be imprisoned for 90 days or until he produces the books and records or until the further order of the court.

NOBLE HENDRICKS SENTENCED. The SEC Denver Regional Office announced November 16 (LR-4816) that the Federal court in South Dakota had sentenced Noble F. Hendricks (aka Frank Hendricks) to two years' imprisonment for violations of the Securities Act antifraud provisions in the sale of notes of Pioneer Square, Inc., following his entry of a plea of guilty.

SECURITIES ACT REGISTRATIONS

B. F. SAUL REAL ESTATE TRUST TO SELL DEBENTURES. B. F. Saul Real Estate Investment Trust (the "Trust"), 925 15th St., N. W., Washington, D. C. 20005, filed a registration statement (File 2-38805) with the SEC on November 13 seeking registration of \$15,000,000 of convertible subordinated debentures, due 1990, to be offered for public sale through underwriters headed by Clark, Dodge & Co. Incorporated, 140 Broadway, New York, N. Y. 10005. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The Trust provides investors with an opportunity to participate in a professionally managed and diversified portfolio of real estate investments. B. F. Saul Company is investment adviser. Net proceeds of the Trust's debenture sale will be used to repay short-term indebtedness and to acquire additional investments in construction and development mortgages and real estate equities. In addition to indebtedness, the Trust has outstanding 3,530,044 shares of beneficial interest. B. Francis Saul II is board chairman of the Trust and president of the adviser. Andrew Maguire Saul is board chairman of the adviser.

CONSOLIDATED EDISON TO SELL STOCK. Consolidated Edison Company of New York, Inc., 4 Irving Pl., New York, N. Y. 10003, filed a registration statement (File 2-38807) with the SEC on November 13 seeking registration of 500,000 shares of cumulative preferred stock, Series G (\$100 par), to be offered for public sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine St., New York, N. Y. 10005, and two other firms. The dividend rate, offering price (\$100 per share maximum*) and underwriting terms are to be supplied by amendment. An electric utility, the company will use the net proceeds of its stock sale for construction of utility plant and to repay from time to time at or before maturity short-term obligations (which aggregated \$14,000,000 at November 12) incurred as a result of its construction program. Construction expenditures are estimated at \$440,000,000 for 1970 and \$2,234,000,000 for the period 1970-1974.

C.I.T. FINANCIAL TO SELL DEBENTURES. C.I.T. Financial Corporation, 650 Madison Ave., New York, N. Y. 10022, filed a registration statement (File 2-38808) with the SEC on November 13 seeking registration of \$100,000,000 of debentures, due 1976, to be offered for public sale through underwriters headed by Dillon, Read & Co. Inc., 46 William St., and Kuhn, Loeb & Co., 40 Wall St., both of New York, N. Y. 10005. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company is engaged in the following lines of business: financing and leasing; insurance; banking; and manufacturing and merchandising. Net proceeds of its debenture sale will provide additional working funds for the company and its subsidiaries, to be used initially to reduce short-term borrowings which were incurred principally for the purpose of purchasing receivables in the ordinary course of business. In addition to indebtedness and preferred stock, the company has outstanding 19,543,578 common shares.

OCCIDENTAL PETROLEUM TO SELL DEBENTURES. Occidental Petroleum Corporation, 10889 Wilshire Blvd., Los Angeles, Calif. 90024, filed a registration statement (File 2-38810) with the SEC on November 13 seeking registration of \$100,000,000 of convertible subordinated debentures, due 1995, to be offered for public sale through underwriters headed by Eastman Dillon, Union Securities & Co., One Chase Manhattan Plaza, New York, N. Y. 10005, and A. G. Becker & Co. Incorporated, 120 South LaSalle St., Chicago, Ill. 60603. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company is engaged within and outside the United States in the exploration for and development and production of natural resources, principally oil, natural gas and coal; the refining and marketing of petroleum and petroleum products in Western Europe; and the manufacture and distribution of industrial chemicals, agricultural chemicals and plastics. Net proceeds of its debenture sale will be used to repay short-term notes and revolving credit notes. The proceeds of short-term notes were used for general corporate purposes and those from the revolving credit arrangements were used primarily for capital expenditures. In addition to indebtedness and preferred stock, the company has outstanding 53,622,706 common shares. Armand Hammer is board chairman and William Bellano president.

CABOT CORP. TO SELL STOCK. Cabot Corporation, 125 High St., Boston, Mass. 02110, filed a registration statement (File 2-38811) with the SEC on November 13 seeking registration of 500,000 shares of common stock, to be offered for public sale through underwriters headed by Loeb, Rhoades & Co., 42 Wall St., and White, Weld & Co., 20 Broad St., both of New York, N. Y. 10005. The offering price (\$40 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged in the production and sale of carbon black and other chemicals; it also is involved in oil and gas exploration and production and gas distribution and in the manufacture of superalloys and superalloy products, machinery, plastic piping systems and dispersions. Net proceeds of the company's stock sale will be used for general corporate purposes, including capital expenditures, debt maturities and working capital requirements. Capital expenditures, including its liquefied natural gas program, are estimated at \$30,000,000 for 1971. In addition to indebtedness and preferred stock, the company has outstanding 5,147,914 common shares, of which management officials as a group own 15% and descendants of the late Godfrey L. Cabot and a charitable trust to which Godfrey Cabot donated stock own 54%. Louis W. Cabot is board chairman and Robert A. Charpie president.

SCOTT PAPER SHARES IN REGISTRATION. Scott Paper Company, Philadelphia, Pa. 19113, filed a registration statement (File 2-38819) with the SEC on November 16 seeking registration of 269,230 shares of common stock issuable pursuant to the company's 1971 Employees' Stock Purchase Plan and 197,800 shares of common stock issuable pursuant to the company's 1971 Employees' Stock Investment Program.

AMERICAN INVESTMENT PROPOSES OFFERING. American Investment Company, 8251 Maryland Ave., St. Louis, Mo. 63105, filed a registration statement (File 2-38812) with the SEC on November 13 seeking registration of \$30,000,000 of notes, due 1976, to be offered for public sale through underwriters headed by Kidder, Peabody & Co. Incorporated, 20 Exchange Place, New York, N. Y. 10005. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company is engaged through subsidiaries in making personal instalment loans, the purchase of instalment sales contracts for consumer goods and services exclusive of automobiles, general commercial finance and the writing of credit life and disability insurance and casualty insurance in connection with the consumer finance business as well as ordinary life insurance for the general public. Net proceeds of its financing will be applied to the reduction of short-term borrowings from banks, estimated at \$29,600,000, originally used to finance day-to-day operations of the company; the balance will be used for general corporate purposes. In addition to indebtedness and preferred stock, the company has outstanding 5,488,206 common shares, of which the family and descendants of Donald L. Barnes and their families and trusts created for the benefit of various family members own 11%. Donald L. Barnes, Jr., is board chairman and president.

PLANET OIL AND MINERAL FILES FOR SECONDARY. Planet Oil and Mineral Corporation, 740 Fidelity Union Tower, Dallas, Tex. 75201, filed a registration statement (File 2-38813) with the SEC on November 13 seeking registration of 196,607 outstanding shares of common stock and 190,750 outstanding common stock purchase warrants. These securities were issued to 43 investors in unrelated private transactions, including the company's sale of 50,000 common shares to three French banking institutions. The holders of such securities may offer them for sale from time to time at prices current at the time of sale (\$13.875 per share maximum*).

The company was organized in May 1965 primarily to explore for, produce and market oil, gas and other minerals. In addition to indebtedness, it has outstanding 1,363,930 common shares, of which Frank A. Schultz, president, owns 10.70%, management officials as a group 21.42% and Allen & Company 10.56%. Walter D. Floersheimer may sell all of 62,500 shares held and a large number of others the remaining securities being registered.

TRANSCONTINENTAL GAS PIPE LINE TO SELL BONDS. Transcontinental Gas Pipe Line Corporation, 3100 Travis St., Houston, Tex., filed a registration statement (File 2-38814) with the SEC on November 13 seeking registration of \$50,000,000 of first mortgage pipe line bonds, due 1991, to be offered for public sale through underwriters headed by White, Weld & Co., 20 Broad St., and Stone & Webster Securities Corporation, 90 Broad St., both of New York, N. Y. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company owns and operates an interstate pipeline system for the purchase, sale and transportation of natural gas. Net proceeds of its bond sale will be applied to the reduction of revolving credit agreement notes (of which \$98,000,000 were outstanding at September 30), the proceeds of which were used primarily for construction purposes. In addition to indebtedness and preferred stock, the company has outstanding 22,222,774 common shares. James B. Henderson is president and E. Clyde McGraw board chairman.

McDONALD'S FILES FOR OFFERING AND SECONDARY. McDonald's Corporation, 221 North LaSalle St., Chicago, 60601, filed a registration statement (File 2-38815) with the SEC on November 13 seeking registration of 737,759 shares of common stock, of which 250,000 are to be offered for public sale by the company and 487,759 (being outstanding shares) by the holders thereof. The offering is to be made through underwriters headed by Paine, Webber, Jackson & Curtis, 140 Broadway, New York, N. Y. 10005; the offering price (\$40.375 per share maximum*) and underwriting terms are to be supplied by amendment.

The company develops, operates, licenses and services a system of over 1500 self-service restaurants. Net proceeds of its sale of additional stock will be used for the acquisition and development of additional real estate for new store locations and for general corporate purposes. In addition to indebtedness and preferred stock, the company has outstanding 11,960,544 common shares, of which Ray A. Kroc, board chairman, owns 24.1% and management officials as a group 29%. Fred L. Turner is president. Kroc proposes to sell 225,000 of 2,905,297 shares held and a large number of others the remaining shares being registered.

SECURITIES ACT REGISTRATIONS. Effective November 18: Alphatype Corp., 2-35717 (Feb. 16); Avemco Corp., 2-37890 (40 days); Millimaster Onyx Corp., 2-38694; Montgomery Ward Credit Corp., 2-38746 (Dec. 29); Municipal Investment Trust Fund, Series LC, 2-38722; National Homes Corp., 2-37737; Public Service Electric & Gas Co., 2-38726; Republic Steel Corp., 2-38634; Sheridan Designs Ltd., Inc., 2-37790 (90 days); The Telex Corp., 2-38423; Investment Programs to Accumulate Shares of United Continental Income Fund, Inc. (2-38106), United Continental Growth Fund, Inc. (2-38008) and United Vanguard Fund, Inc. (2-38119); United Merchants & Manufacturers, Inc., 2-38792.

Withdrawn Effective November 17: Electronic Learning Inc., 2-36271; Great Plains Variable Annuity Fund A, 2-31288; Slim Trim Programs Inc., 2-34870.

Withdrawn Effective November 16: Polydex Chemicals Ltd., 2-37175.

Withdrawn Effective November 18: Cen-Com Inc., 2-36026; Corn Sweeteners, Inc., 2-37190; International Institute for Packaging Education Ltd., 2-34047; Resorts International, 2-27552.

NOTE TO DEALERS. The period of time dealers are required to use the prospectus in trading transactions is shown above in parentheses after the name of the issuer.

*As estimated for purposes of computing the registration fee.